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3 September 1957

PO/P 3-5128

PP/OPS/PP Central Project File Copy

MEMORANDUM FOR: Deputy Director (Plans)

Special Support Assistant to the DD/S

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SUBJECT:

Revised Administrative Plan for IO Division Proprietary Project DTPILLAR

I. Objective

1. The objectives of DTPILLAR are to promote in Asia the development of leaders in the fields of politics, education and religion, and to provide the organizational instruments and resources through which such leaders may be developed, and through which Communist organizational efforts may be countered.

II. Instrumentality

2. The instrumentality under this project is DTPILLAR, an estensible elemesynary organisation, incorporated under the laws of the State of California.

III. Background

3. The nations of Asia demanded both political independence and economic progress after World War II, and the Communists were quick to exploit their discontent - in many instances operating through "indigenous" organisations. In April 1951, KURARK initiated Project DTPHLAR to aid in the creation of private action institutions and groups in Asia which would provide expanding opportunities for Asians and thus counteract the appeal of Communism. Approximately 24 outstanding Americans support DTPHLAR through serving on the Beard of Trustees. DTPHLAR has won wide-spread recognition and acceptance in Asia and is now represented in every Free Asian nation from Kerea through Afghanistan except Lees and India - where programs are administered from neighboring countries or headquarters.

h. Illustrative DTPHLAR accomplishments are:

- (a) Pavelopment of a vigorous program, based in Hong Kong, for influencing overseas Chinese through publications and organizational activities. Target groups are being reached in Singapore, Malaya, Thailand and Indonesia;
- (b) Development of programs for influencing students throughout Asia by enrolling their services in student unions and other student

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organizations subject to Western guidance or control:

- (c) Development of a variety of programs for improving the quality and orientation of educational institutions in Asia;
- (d) Provision of more than 600,000 textbooks to over 200 Asian universities, libraries and other institutions;
- (e) Development of programs which encourage Buddhist organisations in Burma, Thailand, Cambodia and Japan to become more aware of the impact of world events on their own cultures and of the need for making Buddhism more responsive to the needs of the people.

IV. Need for Revised Plan

5. The original Administrative Plan, approved by the DD/P on 20 August 1952, was written in DTPILLAR's early years when the project was small and many operational, administrative and fiscal practices in effect today were either indistinct or nonexistent. Moreover, since the inception of DTPILLAR, KUBARK's internal procedures and requirements have developed. The attached revised Administrative Plan reflects the current KUBARK administrative requirements in the light of the broad powers already granted by KUEARK to the Executive Committee of DTPILLAR in managerial authority and operating responsibility.

V. Approvals

6. Project DTPHLIAR was originally approved on 7 February 1951. Project expenditures, by fiscal years, have amounted to the following:

FISCAL YEAR	THUCMA
1952	- ¬
1953	[
1954	ļ
1955	
1956	1
1957	1

The approved allotment for Fiscal Year 1958 amounts to

VI. Recommendation

7. The attached revised Administrative Flan has been concurred in by all interested staffs and divisions and is recommended for your approval.



IO/88/Clause (3 September 1957)
Distribution:
1 - Finance Division thru Budget Division
2 - PP/OPS
3 - IO/2
1 - Commercial Staff

Concurrence Sheet

DIPILLAR

IO Division	27 August 1957 Date
Office of the Comptroller	27 August 1957 Date
General Counsel	21 August 1957 Date
Central Cover Branch	22 August 1957 Date
Contract Personnel Division	23 August 1957 Date
Commercial Staff	7 August 1957 Date
Office of Security	21 August 1957 Date
Office of Logistics	21 August 1957 Date
CI Staff	22 August 1957 Pate
PF/OPS/PF Concurrence	12 August 1957 Date

REVISED ADMINISTRATIVE PLAN For IO Division Proprietary Project DTPILLAR

I. Organisation

- 1. DTPILLAR has been organised as an ostensible elemesynary organisation, incorporated under the laws of the State of California, with a
 parent office in San Francisco and branch offices in Asian countries and
 New York. DTPILLAR, and integral activities of DTPILLAR conducted under
 other corporate or organisational form, shall be subject to the provisions
 of this revised Administrative Plan unless specifically excluded.
- 2. DTFILLAR has a Board of Trustees of prominent American citisens, approved by the IO Division and elected in accordance with the charter and bylams of the corporation. The Board meets quarterly and has appointed an Executive Committee to meet at more frequent intervals.
- 3. The President of DTPILLAR is a member of the Board of Trustees, a member ex-officie of the Executive Committee, and is selected by the IO Division in consultation with the Executive Committee. The President directs the daily operations and management of DTPILLAR within a broad framework of policy, financial and security controls provided by KUBARK.
- 4. The President, DTPILLAR, shall obtain the prior approval of the IO Division before the election or appointment of DTPILLAR Executive Committee members, trustees, or key staff officers.

II. Progrem Presentation

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5. On or before 1 April of each year, beginning in 1958, a comprehensive program for the DTPILLAR fiscal year, which shall run from 1 August through 31 July, shall be submitted by DTPILLAR together with a more general projection for the subsequent fiscal year.

(Per memorandum approved by DD/P 24 January 1958 - DD/P 3-7314)

- 6. The IO Division shall review the program submitted by DTPHLAR for consistency with KUBARK foreign and demestic policies, and for consistency with the mission of DTPHLAR, and may, after consultation with DTPHLAR, eliminate, modify, adjust or change the emphasis of the activities contemplated by DTPHLAR. After its review, the IO Division shall present the program, with appropriate recommendations for approval, to the FRC.
- 7. The annual program as approved by PRC shall be binding on DTPILLAR within the limits of the budget approved for that program except as authorized in paragraph 12. IO Division shall inform DTPILLAR when the budget has been approved and secure written acknowledgement thereof from its President.

8. The IO Division shall provide DTPILLAR with policy guidance on its own initiative or on request and DTPILLAR shall carry out its program in accordance with such policy.

III. Basic Budget

9. DTFILLAR shall submit annually, on or before 1 April of each year, a budget request covering all components of Project DTFILLAR for the forth-soming fiscal year. The budget request shall reflect the amount of funds needed from the Agency, plus anticipated income from non-Agency sources, itemised, and shall show actual and proposed expenditures on an over-all basis for the most recently past, current, and forthcoming fiscal years by the following major activities or categories, with detailed amounts within the total for each category on an account basis. This budget shall show all the amounts by summary and by detailed schedules, relative to (a) the administrative expenses of each office, broken down for each office between salaries and other operating expenses, (b) capital outlay, (c) program expenses by each country and San Francisco-Administered and (d) contingency reserve.

The budget request submitted by Project DTPHLLAR shall contain at least the following items:

- (a) The summary of actual and proposed expenditures by major activities covering the most recently past, current, and forthcoming fiscal years;
- (b) Comparative statements of source and application of funds for the same three fiscal years;
- (c) Comparative statements of income and expense for the same periods;
- (d) Comparative balance sheets as of the ends of the past two, the current, and the forthcoming fiscal years;
 - (e) A summary table of organisations;
- (f) A general narrative statement of the proposed programs for the forthcoming fiscal year; and,
- (g) A brief statement of the purposes and objectives of each major activity or category, with explanation of major changes in budgetary requirements from the current and prior fiscal years, as well as justification of significant new proposals.

IV. Annual Project Operating Budget

- Division shall supply copies to the Budget Division, and others as deemed appropriate by the IO Division (e.g., PP Staff, Commercial Staff and PRC members). The Division shall prepare an itemised operating budget in the same form as that prescribed in paragraph 9, above, which budget will incorporate the budgetary data submitted by DTPILLAR with such adjustments and deletions as may be required to conform to the Division's operating program. This budget shall be referred to the Budget Division for concurrence and submitted to the approving authorities in accordance with CSI 230-63.
- II. Following the approval by the BCT of an overall amount for the project as well as separate amounts for each major line item category, (Administrative, Programs, and Contingency) the operating budget shall be adjusted, as necessary, to the amount of the current approval. DTPILLAR shall be advised by the IO Division of the overall amount approved and the amount for each major line item category, and may recommend amendment to its own detailed budget request within each major line item category. The DTPILLAR revised budget, when resubmitted to the IO Division and approved by the Division, shall become the authorised operating budget for the forthcoming fiscal year.
- 12. Requests by the IO Division for funds in addition to the approved overall total for the project shall require the same processing within the Agency as the original budget request. Requests for transfers of funds between major line item categories, when the overall total is unchanged, shall require only the prior concurrence of (i) the Chief, IO Division, (ii) the CPP, and (iii) the Comptroller. Transfers between accounts within a major line item category may be made by DTPILLAR with approval of the IO Division.

V. Contingency Fund

part of the samual budget for this project, and shall be shown as a separate line item in such budget; shall be nonreplaceable during each fiscal year; and shall not exceed \$100,000. The contingency fund may be used either to exceed any budget limitations prescribed by the Agency for activities which have been presented for approval, or it may be used on an emergency basis to implement a new activity not contemplated in the approved budget, provided that authorisation for each such new activity or for any use of the contingency fund in an amount which will exceed any single budgetary limitations by more than \$25,000, is received by DTPILLAR in advance from the Chief, IO Division or his designes, and provided further, that any use of the contingency fund shall be reported in writing to the IO Division within five days thereafter. The IO Division will advise the Budget Division of the use of contingency funds through the submission of monthly accountings.

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VI. Funding to DTPILLAR

1h. Current KUBARK support of Project DTPILLAR shall be maintained. financially, on the basis of a re-wlving fund established as agreed to by the Budget Division, Office of the Comptroller, in coordination with the IO Division, and may be revised as necessary by joint agreement of these Agency elements. The amount of the fund may be based on the estimated needs of DTFILLAR for a period up to four months in advance. The revolving fund shall be replenished upon request each month by the amount of operating expenses and capital expenditures shown in the monthly financial statements received from DTPILLAR subject to review of the financial statements and approval of the request by the Budget Division. A schedule of estimated monthly reimbursements will be prepared by the IO Division each fiscal year and forwarded to the Budget Division and the Central Cover Branch. This schedule shall provide for a pattern of funding that is staggered as to time, amount, and geographical origin of funds, and the funding mechanism or method to be used for each advance of funds. The funding mechanisms or methods set forth in the schedule may be any of the followings

- (a) The IO Division may elect to pass funds to DTPILLAR via Category I funding mechanisms (i) or (ii) individual units. If any of these channels are used the request for advance, funding, and recording procedures provided for by the applicable Administrative Plan for such mechanism shall be applied. The IO Division shall be responsible for obtaining a copy of the letter of receipt from the grantee (DTPILLAR) showing the payer, payee, date, and amount. Copies of these letters of receipt shall be forwarded to the Finance Division and Central Gover Branch for retention.
- (b) The funding schedule may also provide for the passage of funds directly to DTPILLAR via witting cut-outs acting as estensible denors. Where this technique is to be used the request for advance shall state in the "remarks" section that these funds shall be passed to a cut-out acting as an estensible denor, for subsequent transfer to DTPILLAR. The Central Cover Branch shall provide estensible denors as required by the approved funding schedule (each of whom shall be an individual whose background and interests give plausibility to the estensible denations). Contributions from such denors will be accompanied by correspondence which can be exhibited by DTPILLAR to substantiate the source of funds. The IO Division shall be responsible for obtaining a copy of a letter of receipt from the grantee (DTPILLAR) for each such advance, showing the payer, payes, date, and smount. Copies of these letters of receipt shall be forwarded to the Finance Division and the Central Cover Branch for retention.

VII. Funding by DTPILLAR

15. DTPHLIAR, in accordance with its program presentation, will subsidize various individuals and organizations. It will be the responsibility of DTPHLIAR officials to obtain where possible, letters of receipt and

agreements, and accountings for such funds. In the absence of receipts, the representative of the project shall certify to its disbursement and its purpose.

- 16. Occasionally, it may be operationally desirable for DTPILLAR to fund another authorised KUBARK project or an activity under such projects. To the extent that such requests are, in the epinion of the Executive Committee of DTPILLAR, and the IO Division, compatible with the purposes of DTPILLAR and will not jeepardise its major activities or reputation, such funding is authorised. In such instances, the Headquarters component for whom these funding service is to be rendered shall assume responsibility for making the necessary funds available. The IO Division need make no budgetary provision for such funding and the method for inserting such funds into DTPILLAR shall be as prescribed by paragraph 14(a) and (b). Subsequent financial reporting of these funds, with proper identification, shall be made by DTPILLAR in its regular financial statements.
- 17. Unsolicited bena fide contributions offered to DTFILLAR may be accepted by that organization only with the approval of the IO Division. Occasionally, such contributions may be designated for a specific purpose. If the designated purpose is one not programed for by DTFILLAR, then such contributions shall supplement its budget. However, if such designation coincides with a specific activity programmed by DTFILLAR, then such contributions shall be effect against Agency funds allotted to DTFILLAR. Contributions so received without specific designations shall likewise be offset against Agency funds allotted for the project. The IO Division shall determine the budgetery status of such contributions. Identification of, and subsequent accounting for these funds shall be made by DTFILLAR in its regular financial statements.

VIII. Financial Reporting

- 18. DTPILLAR shall submit within 30 days after the close of each month, except where noted, the following financial reports:
 - (a) Balance sheet;
 - (b) Income and Expenditure Statement on a cumulative basis;
 - (c) A schedule supporting principal items appearing in (a) and (b);
 - (d) Analysis of surplus;
 - (e) Cumulative statement of source and application of funds;
 - (f) Comparative statement of expenditures versus approved budget;
 - (g) Quarterly payroll schedule of Staff Agents;
 - (h) Statement, in detail, or private contributions received;
 - (i) Schedule of fixed assets (annually, as of 30 June of each year);
 - (j) Other financial reports from time to time as interested KURARK components may, with IO Division approval, require.

The President of DTPILLAR or his designes will attach to each set of monthly statements a certificate attesting that the Balance Sheet properly reflects

the financial status of the project and that the other statements of groups thereof are a twue and complete report of the operations of the project for the period indicated with such exceptions as may be pertinent and the reasons therefor. These statements will be reviewed and approved by the IO Division Approving Officer, and copies of each set of financial statements shall be provided to the Pudget Division; the Finance Division and the Commercial Staff. A copy of the fixed assets schedule shall be forwarded to the Office of Legistics by the IO Division.

II. Writeoff

- DTPILLAR's approved allotment to the project as investments of the Agency, and as expenditures against DTPILLAR's allotment at the time of disbursement. Not operating gains or losses will be recorded as increases or decreases in the Agency's investment in the project, with offsetting credit or charge to Agency project costs, on the basis of the financial statements required by paragraph 18.
- 20. Funds advanced to DTPILLAR for funding other authorized KUBARK projects or activities will be charged to the cost account of the appropriate project as such funds are accounted for by DTPILLAR.

I. General Policies for the Protection of Government Interest, Control of Personnel, and Security

- 21. DTPILLAR shall submit to the IO Division duplicate copies of the minutes and other formal documents or memoranda of the meetings of the Executive Committee and the Board of Trustess which shall be referred to General Counsel for exemination and review. Amendments to the corporate charter or bylaws which are significant in the opinion of the President, DTPILLAR, will be made only with prior approval of the IO Division and concurrence of General Counsel.
- 22. Each person elected to the Board after date of authorization of this Plan, and who is made witting of either KUBARK or U. S. Government sponsorship of the activity, will execute a Letter of Understanding and a Secrecy Agreement. These documents shall be prepared by the Contract Personnel Division and reviewed by General Counsel; shall outline the mutual relationships and responsibilities of AUBARK and the individual in his capacity as a Trustee of DTPILLAR; shall refer only to KUBARK shall not specify any component thereof; and, after execution, shall be forwarded to the Finance Division for retention. The Letters of Understanding may contain a clause as set forth in the following paragraph.
- 23. KUBARK shall indomnify the directors and officers of DTPILLAR against any liability resulting from actions specifically approved by KUBARK and without negligence or malfeasuree on their part.
- 24. Fund-raising campaigns may not be conducted by DTFILLAR except with the approval and under the control of the IO Division. Also, except

as may be approved by the IO Division, with the concurrence of the Office of the Comptroller, DTPILLAR shall not borrow funds on its secured or unsecured credit from any source whatsoever, nor shall it enter into any commitments to mortgage or pledge any of its fixed assets.

- 25. Funds in bank accounts maintained by branch offices outside San Francisco may be withdrawn on the single signature of an authorized branch office representative, or the single signature of at least one DTPILLAR official on the San Francisco office. The bank accounts maintained in the San Francisco area for the headquarters of DTPILLAR shall be subject to withdrawals on the joint signatures of two or more efficials of DTPILLAR, except that funds in imprest bank accounts may be withdrawn on the single signature of the President of DTPILLAR or his designees.
- 26. Salaries, other compensation, and fringe benefits granted by DTPILIAR to its officers and employees shall be based upon the scale, rates, practice or level currently in effect or generally followed by comparable organizations for the specific category of officer or employee, varying in accordance with work assignment, location and nationality. In addition, the following further limitations shall govern the personnel policies of DTPILLAR:
- (a) The written prior concurrence of the IO Division is required for the establishment of any position calling for a salary of \$10,000 or more per annum or any such position requested at any time other than in the budget request for the forthcoming year;
- (b) The written prior concurrence of the IO Division is required for the hiring of a person at a salary, fee, retainer, or other compensation payable at the rate of \$10,000 or more per annum or for a promotion thereto, except where promotion is a periodic in-grade raise in accordance with the salary policy of DTPILLAR;
- (c) The cover salary of any Steff Agent employed by DTPILLAR may not be changed by the management of that organization without prior written approval of TO Division.
- (d) There shall be no participation by a Staff Agent in the retirement program of DTPILLAR;
- (e) Any Staff Agent employed by DTPILLAR shall be entitled to retain only the salary, allowances and other benefits which are commensurate with his KUBARK appointed position and salary grade, except that if the policies of the project relating to payment of travel and transportation expenses differ from those of the Agency, and if the Staff Agent is paid such expenses through the project, he is entitled to receive and retain the amount paid by the project without regard to Agency Regulations. Any compensation that a Staff Agent receives from the project will be effect against his government salary and he will be required to return to the Agency any salary, allowances and other pecuniary benefits which in the aggregate exceed his government salary, allowances and other pecuniary benefits. The President, DTPILLAR, must personnally approve the placement of those individuals who are Staff Agents

in DTPILLAR, and will be supplied with the names of those employees of the project who are Staff Agents, and with their grades and salaries, if requested;

- (f) No personnel appointment shall be made by DTPILLAR over the objections of KUBARK, nor shall recruitment of personnel by DTPILLAR be conducted in any manner which might tend to disclose KURARK or U. S. Government interest;
- (g) Foreign nationals may be employed or utilized by DTPTLLAR on a permanent basis only after completing a six-month probationary period in order to permit dismissal for security reasons, if necessary. At no time, however, shall security factors be indicated as grounds for dismissal. Further, KUBARK may disapprove the employment or continued employment or other use of individuals who, in the opinion of KUBARK, constitute a security risk to KUBARK or DTPTHLAR.
- 27. A copy of all DTPILLAR personnel action reports shall be supplied to the IO Division. In addition, a semi-annual schedule of personnel showing names, positions, and salaries, and including local Asians and non-U.S. nationals shall be supplied to the IO Division.
- 28. The IO Division shall request the President, DTPILLAR, to establish a policy for bonding employees, which policy shall be subject to review and approval of the IO Division with the concurrence of the Office of the Comptroller. We claims shall be submitted under bond without the approval of the IO Division.
- 29. The Chiefs of interested KUBARK components with the concurrence of the Chief, IO Division, and in consultation with DTPILLAR, may from time to time conduct such surveys of DTPILLAR's organisational structure, personnel policies, employment procedures and standards, employee benefits, fiscal activities, procurement policies, internal methods of communication and security policies as they shall see fit. Based thereon, these same parties may recommend such medification or adjustments in these matters as in their judgement are reasonable, necessary, and appropriate, to the Chief, IO Division for action.
- 30. In the utilisation of individuals under this project, any exceptions to CSI 10-5 and FR 10-215 shall require the prior approval of the Office of Security or the CI Staff, as appropriate.

XI. Procurement Policies

31. DTPHLAR is authorized to purchase all of its own capital equipment and non-capital supplies. However, its procurement policies and procedures shall be subject to at least the following limitations:

- (a) All orders of \$1,000 or more in total amount shall require the solicitation of verbal or written competitive bids in accordance with commercial custom. Award of each order shall be to the lowest competent bidder taking into consideration the specifications to be met, freight and handling charges, and the date of delivery where time is an important factor; and,
- (b) All orders for \$2,500 or more require a specific approval of the President or the Director of Administration of DTPILLAR, before being placed.

Major procurement requirements for capital expenditures (\$2,500 or greater) for administrative use shall specifically itemised in the budget, and approved therewith. Items of this magnitude not so itemised in the budget, but later requested may be approved by the IO Division as long as the cest can be absorbed within appropriate accounts of the capital portions of the approved budget. If funds must come from a transfer between major activities, the procedures of paragraph 12, above, shall apply.

- 32. DTPILLAR shall utilize a suitable form of purchase order for all purchases other than these from petty cash. All orders will be numbered in sequence, and the purchase file shall be documented as to the sources solicited and bid responses received for purchases of \$1,000 or more in total amount.
- 33. At DTPHLAR headquarters, the President shall designate a person to maintain adequate records reflecting the acquisition, current status, and disposition of all capital equipment for all components of DTPHLAR. The disposition of fixed assets other than real property having a cost value of \$5,000 or more per item except the usual replacement of office machinery and automobiles shall require prior approval of the IO Division and Office of Logistics.
- 34. All leases or purchase of real property in PEPRIME or any interest therein; and all contracts in excess of \$10,000 for the purchase and/or construction of capital assets shall be submitted prior to their execution to the IO Division which will obtain concurrences of the General Counsel and the Office of Logistics were appropriate. Copies of all leases, real property contracts and auxiliary documents, and purchase and/or construction contracts for capital assets (of \$10,000 or over) shall be ferwarded by DTPILLAR to the IO Division. The IO Division shall supply the authentic copy of all leases and/or purchase agreements of real property to the Office of Logistics with the information in sterile form.

XII. Expense Policy

35. Travel (and subsistence while in travel status) and antertainment expenses incurred by DTPHLAR personnel while engaged on its official business shall be reimbursable on a per diem basis or on an actual expense basis,

provided that such expenses are considered by the President, DTPILLAR, to be reasonable and necessary and consistent with the practice of comparable nonprofit associations or charitable foundations. Rules and standards for controlling such expenses shall be established by the President, DTPILLAR, subject to the approval of the IO Division.

IIII. Audit

36. An annual audit program for this project shall be established and carried out in accordance with Agency Regulation 5-300.

XIV. Liquidation

- 37. The IO Division may direct the liquidation of DTPILLAR in whole or in part with the prior approval of the DUL. Such liquidation will be carried out in accordance with an appropriate Liquidation Plan approved by the DD/S.
- 38. A liquid asset reserve fund has been provided to the project for the purpose of having on hand at all times a sufficiency of net available current assets to provide for all actual or contingent liabilities which would exist at the time of liquidation. This fund has been invested entirely in U.S. Government obligations of a readily convertible and short-term variety. This reserve shall be held by an Agency-sponsored activity as designated by the Office of the Comptroller. Also, DTPILLAR shall submit annually for the approval of the Budget Division, an estimate of the amount of reserve fund required.

XV. Liaison

39. The point of lisison for the conduct of DTPHLAR affairs will be the IO Division. Policy guidance, except in matters requiring action by the DCI or his immediate Deputies, will be furnished to DTPHLAR on a continuing basis by the IO Division, which shall designate one individual to conduct lisison between DTPHLAR and KUBARK. No communications between KUBARK and DTPHLAR shall take place without the knowledge and approval of the IO Divisioh.

Approval Sheet

Revised Administrative Flan DTPILLAR

APPROVED, by direction of DD/P

Richard Helms Chief, Operations, DD/P	13 Sept 57
AUTHORIZED, by direction of DD/S	
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Special Support Aggintant to the DD/S	Deta